

OSTER
Researching Services

12897 Colonial Dr • Mt Airy, Md 21771
301-253-6040

RECORDED 7460 FILED 1425

JUL 29 1991 -9 50 AM
INTERSTATE COMMERCE COMMISSION

July 29, 1991

1-210A001

Ms. Mildred Lee
Recordations Unit
Interstate Commerce Commission
12th & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Ms. Lee:

Enclosed is a Locomotive Operating Lease Agreement dated June 26, 1991, between the following parties:

Lessor: Electro-Motive Division,
General Motors Corporation
LaGrange, IL 60525

Lessee: Alaska Railroad Corporation
Anchorage, Alaska 99510

The equipment included in this lease is as follows:

Equipment: 4, GP38-2 Locomotives
#812, 818, 819, 833

Please file this agreement as a primary document. The filing fee of \$15 is enclosed. Thank you.

Sincerely,

Mary Ann Oster

Mary Ann Oster
Research Consultant

Enclosures

Enclosures - Mary Ann Oster

JUL 29 1991
16 14 14 91

ALASKA RAILROAD CORPORATION
LOCOMOTIVE OPERATING LEASE AGREEMENT

17460
JUN 29 1991 - 9 50 AM
INTERSTATE COMMERCE COMMISSION

THIS LEASE, made and entered into as of this 26 day of June, 1991, by and between Electro-Motive Division, General Motors Corporation, a Delaware corporation, hereinafter called "Lessor", and the Alaska Railroad corporation, an Alaska corporation, hereinafter called "Lessee".

LESSOR AND LESSEE HEREBY AGREE AND COVENANT AS FOLLOWS:

1. Lease:

Lessee agrees to lease from Lessor the locomotives described in Schedule A, attached hereto and hereby made part hereof, together with all replacement parts, additions, repairs and accessories incorporated therein and/or affixed thereto (the "Locomotive(s)") for use by Lessee in revenue service.

The Lessee will cause the Locomotives to be kept numbered with the identification numbers set forth in Schedule A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of the Locomotive, in letters not less than one inch in height, the words "General Motors Corporation, Electro-Motive Division Owner", with appropriate changes thereof as from time to time may be required by law, in the opinion of the Lessor, in order to protect the Lessor's title to and interest in the Locomotive and the rights of the Lessor under this Lease. The Lessee will not place the Locomotive in operation or exercise any control or dominion over the same unless such words are so marked and will replace promptly any such markings which may be removed, obliterated, defaced or destroyed. The Lessee will not change the identification number of the Locomotive(s) unless and until a statement of the new number to be substituted therefor shall have been filed with the Lessor and duly filed and deposited by the Lessee in all public offices where this Lease shall have been filed and deposited.

The Lessee will not allow the name of any person, association or corporation to be placed on any Locomotive as a designation that might be interpreted as a claim of ownership.

2. Rent:

This Lease shall commence with respect to each Locomotive when such Locomotive is delivered to Pier 2, Alaska - Hydro Train, Seattle, Washington, subject to a satisfactory joint inspection and acceptance evidenced by a Certificate of Inspection and Acceptance in Seattle, Washington (Schedule B) thereof to determine whether it complies with all applicable laws and regulations and is suitable for immediate use by a line haul railroad.

Rent will commence with respect to each Locomotive on the date Lessee executes a second Certificate of Acceptance in Whittier, Alaska before the Locomotives are used in operation in form and substance the same as Schedule B, attached hereto and hereby made part hereof, which date is herein called the "Rent Commencement Date", and shall continue for a period of six (6) months thereafter. The Daily Rental shall be \$275 per day for each for each GP38-2. Lessee shall be entitled to an abatement of the Daily Rental for each day a Locomotive is out of service during any repair which is a responsibility of the Lessor under Exhibit A, attached hereto and hereby made part hereof.

Lessee agrees to waive storage charges while the Locomotives are on Lessee's premises after the termination of this Lease, and awaiting return shipment via Alaska - Hydro Train.

Lessee shall not be entitled to any reduction of rent or setoff, counterclaim, recoupment or defense against rent or any other amount payable hereunder for any reason whatsoever, including, but not limited to, reductions, setoffs, counterclaims, recoupments or defenses due or alleged to be due by reason of any past, present or future claims of Lessee against Lessor or any other person for any reason whatsoever, except as otherwise provided herein; nor shall this Lease terminate or the obligations of Lessee be otherwise affected by reason of any defect in the condition, design, operation or fitness for use of the Locomotive or damage to or loss of possession or use or destruction of such Locomotive from whatever cause and of what ever duration, except as otherwise provided herein.

3. Warranties and Representations:

Lessee acknowledges that Lessor has no knowledge or information as to the condition or suitability for Lessee's purpose of the Locomotives and Lessor's decision to enter into this lease is made in reliance on Lessee's undertakings herein. LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND RESPECTING THE LOCOMOTIVES, WHETHER STATUTORY, WRITTEN, ORAL OR IMPLIED, AND LESSOR HAS NOT MADE AND DOES NOT HEREBY MAKE, NOR SHALL IT BE DEEMED BY VIRTUE OF HAVING LEASED THE LOCOMOTIVES, PURSUANT TO THIS AGREEMENT TO HAVE MADE ANY REPRESENTATION OR WARRANTY AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE WORKMANSHIP IN, THE LOCOMOTIVES, ALL OF WHICH ARE EXPRESSLY DISCLAIMED AND LESSOR SHALL NOT BE LIABLE, IN CONTRACT, TORT OR OTHERWISE, ON ACCOUNT OF ANY DEFECT, WHETHER HIDDEN, LATENT OR OTHERWISE DISCOVERABLE OR NONDISCOVERABLE RESPECTING ANY LOCOMOTIVES. Lessee accordingly agrees not to assert any claim whatsoever against Lessor based therein. Lessee further agrees, regardless of cause, not to assert any claim whatsoever against Lessor for loss of anticipatory profits or consequential damages.

4. Place of Payment of Rent:

Lessee shall wire transfer or express mail a check immediately available funds in payment of the monthly rent to the following account within 10 days of receipt of invoice:

Electro-Motive Division
General Motors Corporation
c/o 1st National Bank of Chicago
Account No. 50-63191
"Rental Income Account"
Attn: Assistant Comptroller

5. Recordkeeping; Inspection:

Lessee agrees to keep and maintain and make available to Lessor such record of Lessee's use, operation, inspection, repairs and maintenance of the Locomotives while in its possession as shall be reasonably required by Lessor including but not limited to records related to out of service time, wheel wear and wheel truing. Lessor, by such agent or agents as it may designate, shall have the right at all reasonable times to go upon the property of Lessee to inspect the Locomotives.

Upon request, the Lessee will furnish to the Lessor repair information relative to the Locomotives, maintained in accordance with Lessee's normal operating practice and the term hereof. Upon request, the Lessee shall certify that the numbers and markings required by Section 1 hereof have been preserved or replaced. The Lessor, at its sole expense, shall have the right by its agents to inspect the Locomotives and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the term of this Lease.

6. Loss or Destruction:

In the event that a Locomotive during the term hereof shall be come lost, stolen, destroyed, irreparably damaged, permanently rendered unfit for use, or, in the reasonable opinion of the Lessee, damaged beyond the economic limit of repair, from any cause whatsoever, other than acts or omissions of Lessor, (such occurrences being hereinafter called "Casualty Occurrences"), Lessee shall notify Lessor of such Casualty Occurrence. On the payment date next following the date of such Casualty Occurrence, Lessee shall pay to Lessor any unpaid rent due on or prior to such date. Lessor recognizes that the Lessee is self-insured. Upon a Casualty Occurrence and in addition to any other sums payable under the terms of the Lease, the Lessee shall either: 1) cause to be paid to the Lessor the fair market value of such Locomotive at the time of execution of this lease as if such Locomotive had not been subjected to such Casualty Occurrence and were in such condition as originally delivered and warranted, which Lessee and Lessor agree shall be \$550,000 for each GP38-2 Locomotive (hereinafter referred to as "Casualty Value"); or 2) replace by mutual agreement the

Locomotive with a locomotive of like type, model, and condition with the same accessories and additions and of the same value as such Locomotive, free and clear of all liens and encumbrances.

Upon making such payment of the Casualty Value in respect of any Locomotive, rentals on such Locomotive shall cease and the term of this Lease as to such Locomotive shall terminate, and title to and rights in such Locomotive shall thereupon vest in the Lessee; provided, however, that Lessor shall have the option, to be exercised within fifteen (15) days after payment by Lessee of the Casualty Value, to retain any Locomotive which is the subject of a Casualty Occurrence, upon payment to Lessee of the scrap or salvage value of such Locomotive, to be determined as agreed by Lessor and Lessee, or failing such agreement by the average of the bids placed upon the whole of such scrap or salvage by three independent parties; and provided, further that, in no event shall Lessor be required to pay more than \$550,000 for each GP38-2 Locomotive. Lessee shall furnish Lessor with certificates or other evidence of compliance with this Section 6 as may be reasonably required.

In the event that a Locomotive is taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the remaining term hereof, or by any other government or governmental entity resulting in the loss of possession by the Lessee, Lessor shall relieve Lessee from rental payments for such Locomotive effective with the date it was first requisitioned or condemned by said governmental agency and settle with that governmental agency for any proceeds to which Lessor is entitled and Lessee shall immediately pay over to Lessor any proceeds received by Lessee as compensation for Lessor's loss of its ownership interest in the Locomotive.

7. Indemnity:

The Lessee agrees to indemnify, protect and hold harmless the Lessor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, and reasonable expenses in connection therewith, including, but not limited to, reasonable counsel fees and expenses, penalties, and interest, to the extent arising from or caused directly by: (a) Lessee's failure to promptly perform any of its obligations under the provisions of Sections 2, 6, 8 and 16 of this Lease, or (b) injury to person or property resulting from or based upon the actual or alleged use, operation, delivery or transportation from Seattle, Washington of any or all of the Locomotives or the location or condition of any Locomotive following delivery to Seattle, Washington, or (c) inadequacy of any Locomotive, or any part thereof, for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business, except where resulting from the breach of any repair obligation of Lessor; and shall, at its own cost and expense,

defend any and all suits which may be brought against Lessor, either alone or in conjunction with others upon any such liability or claim and shall satisfy, pay and discharge any and all judgments and fines that may be recovered against Lessor in any such action or actions, provided, however, that (i) Lessor shall give Lessee written notice of any such claim or demand, and (ii) Lessee shall not be required to indemnify Lessor for any loss, liability or expense resulting from the gross negligence or willful misconduct of Lessor or from claims for strict liability in tort. The indemnities arising under this section shall continue in full force and effect notwithstanding the full payment of all obligations hereunder or the expiration or termination hereof.

The Lessee agrees during the term hereof to prepare and deliver to the Lessor, upon request and within a reasonable time prior to the required filing date (or to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns) to be filed by the Lessor with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Locomotives, or the Leasing thereof to the Lessee.

8. Compliance with Law - Repair and Maintenance:

Lessee shall comply with the FRA, the interchange rules of the Association of American Railroads and all other applicable governmental laws, regulations and requirements and other binding regulations with respect to use, maintenance and operation of the Locomotives during this Lease. The Lessee shall use the Locomotives only in the manner for which designed and intended and so as to subject them only to ordinary wear and tear.

Lessee and Lessor agree that responsibility for maintenance of the Locomotives shall be as set out in Exhibit A. Except for Lessor's obligations under Exhibit A, nothing on Exhibit A shall be construed as limiting the obligation of Lessee at its own cost and expense, to maintain and service the Locomotive in accordance with prudent industry practice and applicable manufacturer recommendations including testing and repair of the Locomotives so that the Locomotives will remain (a) in as good operating condition as when delivered (ordinary wear and tear excepted), (b) in compliance with any and all applicable laws and regulations, and (c) suitable for immediate use by a line-haul railroad (not then or prospectively a debtor in any insolvency or reorganization proceedings) in the event of resale or release upon default by the Lessee. The locomotives shall be maintained or scheduled for maintenance on a basis equivalent to the maintenance or maintenance scheduling basis employed as of the date hereof by the Lessee for similar equipment. Any parts installed or replacements made by Lessee upon the Locomotives shall be considered accessions to the Locomotives and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor; any failed or worn parts removed by Lessee in connection with any of the foregoing activity become Lessee's property, provided, however, Lessee may remove from

the Locomotives any (a) communications equipment, (b) train control, (c) end of train telemetry, and (d) recording devices , (e) or other specialized equipment, which Lessee paid for and installed but only if such removal may be accomplished without damage to the Locomotives.

9. No Purchase Option; Delivery of Locomotives to Lessor:

The Lessee has no option to purchase the Locomotives. At the end of the term of this Lease or upon earlier termination or at such time after the end of the term of this Lease as designated by Lessor should Lessor have requested free storage of the Locomotives on Lessee's premises as provided in Section 2 hereof, Lessee shall deliver the Locomotives to Pier 2, Alaska - Hydro Train, Seattle, Washington.

10. Assignment by Lessee:

Lessee shall not assign or sublet its interest under this Lease, or any part hereof, or permit the use or operation of the Locomotives by any other person, firm or corporation, other than subsidiaries or affiliates operated as part of the Alaska Railroad Corporation without the prior written consent of Lessor. Lessor expressly consents to incidental operation and use on railroads other than the Lessee's under standard run through arrangements and horsepower hour exchanges; provided, however, that a Locomotive may not be so operated or used outside the United States.

Notwithstanding any assignment or sublet as provided in this Section, Lessee shall not be relieved of its obligations hereunder with out the written consent of the Lessor.

11. Assignment by Lessor:

Lessor may at any time assign its rights and obligations hereunder with notice to, but without prior consent of Lessee and in such event Lessor's transferee as assignee shall have, to the extent provided in the assignment, the rights, powers, privileges and remedies of Lessor hereunder; provided, however, that no assignment shall relieve Lessor of its obligations under Exhibit A.

12. Notices:

Unless otherwise specifically provided, any notices to be given under this Lease or any other communications between the parties shall be given by certified mail, postage prepaid in the following manner:

(a) Notices from Lessor to Lessee shall be sent to:

Alaska Railroad Corporation
Post Office Box 107500
Anchorage, Alaska 99510-7500
Attn: Bruce Carr, Manager of Financial Services

or to such other address as Lessee may from time to time indicate by written notice to Lessor.

(b) Notices from Lessee to Lessor shall be sent to:

Electro-Motive Division
General Motors Corporation
9301 W. 55th Street
La Grange, Illinois 60525
Attention: Manager of Lease Locomotive Operations, Dept. 785

13. Quiet Enjoyment:

So long as Lessee makes its aforesaid rental payments and otherwise complies with the terms and provisions hereof, Lessee shall be entitled to the use and possession of the Locomotives according to the terms hereof without interference by the Lessor or by any party lawfully claiming by or through the Lessor.

14. Authority:

The undersigned signatories herewith represent and warrant that they are fully authorized to execute this Lease and bind the respective parties to the terms and provisions hereof.

15. Late Charges:

Delinquent installments of rent shall bear interest at the rate of 1-1/2% per month if not prohibited by law, otherwise at the highest lawful contract rate.

16. Failure to Return:

Should Lessee fail to return a Locomotive as required by this Lease, other than a failure to return caused by loss or destruction as described in Section 6 hereof, Lessee shall pay Lessor \$600/day/Locomotive until any such Locomotive is returned.

17. Protection of Lessor's Title:

Lessor may, at its option, cause this Lease to be duly filed, registered or recorded in conformity with the Interstate Commerce Commission, 49 USC Section 11303, or other places within or without the United States as Lessor may reasonably request for the protection of its title. Lessee will, from time to time, execute, acknowledge and deliver to Lessor any and all further instruments reasonably requested by Lessor, for the purpose of protecting

Lessor's title to the Locomotive to the satisfaction of Lessor's counsel or for the purpose of carrying out the intention of this Lease.

18. Taxes:

Lessee or Lessor at Lessee expense, shall report, pay and discharge when due all license and registration fees, assessments, use and property taxes, gross receipts taxes arising out of receipts from use or operation of the Locomotives pursuant to this Agreement, including without limitation amounts payable under Sections 2, 6, 7, 15 and 16, hereof, and other taxes (excluding any tax measured by Lessor's net income), together with any penalties or interest thereon, imposed by any state, federal or local government upon the Locomotives and whether or not the same shall be assessed against or in the name of Lessor or Lessee.

19. Performance Obligations of Lessee by Lessor:

In the event that the Lessee shall fail duly and promptly to perform any of its obligations under the provisions hereof, the Lessor may, at its option, perform the same for the account of Lessee without thereby waiving such default, and any amount paid or expense (including reasonable attorneys' fees), penalty or other liability incurred by the Lessor in such performance, together with interest at the lesser of 1-1/2% per month or the highest amount allowed by law thereon until paid by the Lessee to the Lessor, shall be payable by the Lessee upon demand as additional rent hereunder.

20. Lessee's Covenants:

Lessee will, during the term of this Lease: (a) defend at Lessee's own cost any action, proceeding or claim affecting the Locomotives ; (b) do everything necessary or expedient to preserve or perfect the Lessor's interest in the Locomotives; (c) not misuse, fail to keep in good repair (ordinary wear and tear excepted), secrete, or, without the prior written consent of Lessor and notwithstanding Lessor's claim to proceeds, sell, rent, lend, encumber or transfer the Locomotives, except as provided in Subsection (e) of this Section; (d) agree that Lessor may enter upon Lessee's premises or wherever the Locomotives may be located at any reasonable time and upon reasonable notice to inspect the Locomotives; and (e) except as provided in Section 10 of this Lease, not permit the use of the Locomotives by any other party, without the Lessor's consent to be granted in its sole discretion. The provisions of this Section shall survive the termination of this Lease.

21. Default:

An event of default shall occur if: (a) Lessee fails to pay when due any installment of rent and such failure continues uncured for ten (10) days after written notice thereof to Lessee by Lessor; (b)

Lessee shall fail to perform or observe any covenant, condition or agreement to be performed or observed by it hereunder and such failure continues uncured for 15 days after written notice thereof to Lessee by Lessor, provided that Lessee shall not be considered to be in default if Lessee complies in all material respects with Section 8 hereof ; (c) Lessee ceases doing business as a going concern, admits in writing its inability to pay its debts as they become due, files a voluntary petition in bankruptcy, is adjudicated a bankrupt or an insolvent, files a petition seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar arrangement under any present or future statute, law or regulation or files an answer admitting the material allegations of a petition filed against it in any such proceeding, consents to or acquiesces in the appointment of a trustee, receiver, or liquidator of it or of all or any substantial part of its assets or properties, or if it or its shareholders shall take any action looking to its dissolution or liquidation; (d) within 60 days after the commencement of any proceedings against Lessee seeking reorganization, arrangement, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, such proceedings shall not have been dismissed, or if within 60 days after the appointment without Lessee's consent or acquiescence of any trustee, receiver or liquidator of it or of all or any substantial part of its assets and properties, such appointment shall not be vacated; or (e) Lessee attempts to remove, sell, transfer, encumber, part with possession or sublet any Locomotive or any part thereof in a manner prohibited hereunder. Upon the occurrence of an event of default, Lessor, at its option, may:

- (a) declare all sums due and to become due hereunder immediately due and payable;
- (b) proceed by appropriate court action or action or other proceedings either at law or equity to enforce performance by the Lessee of any and all covenants hereof and to recover damages for the breach thereof;
- (c) demand that Lessee deliver the Locomotive forthwith to Lessor at Lessee's expense at such place as Lessor may designate; and
- (d) Lessor and/or its agents may, without notice or liability or legal process, enter into any premises of or under control or jurisdiction of Lessee or any agent of Lessee where any Locomotive may be or by Lessor is believed to be, and retake all or any item thereof, disconnecting and separating all thereof from any other property and using all force necessary or permitted by applicable law so to do, Lessee hereby expressly waiving all further rights to possession of the Locomotives and all claims for damages suffered through or loss caused by such retaking.

If any statute governing any proceeding hereunder specifies the amount of Lessor's deficiency or other damages for breach of this

Lease by the Lessee, Lessor shall be entitled to provide as and for damages for the breach an amount equal to that allowed under such statute. The provisions of this paragraph shall be without prejudice to any rights given to the Lessor by such statute to prove for any amounts allowed thereby. Should any proceedings be instituted by or against Lessor for monies due to Lessor hereunder and/or for possession of the Locomotive or for any other relief, Lessee shall pay a reasonable sum as attorneys' fees.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf. The Lessor and the Lessee agree that the Lessor shall be entitled to all rights (such rights being fundamental to the willingness of the Lessor to enter into this Lease) provided for in the Bankruptcy Code or of any other bankruptcy act, so that the Lessor shall have the right to take possession of any Locomotive upon any event of default hereunder, regardless of whether the Lessee is in reorganization.

No failure by the Lessor to exercise, and no delay by the Lessor in exercising, any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege by the Lessor preclude any other or further exercise thereof, or the exercise of any other right, power or privilege.

22. Choice of Law:

This Lease shall be governed in all respect by the Law of the State of Illinois and shall be deemed to be entered into in the State of Illinois.

23. Miscellaneous:

- (a) All transportation charges for delivery and return of the Locomotives to Pier 2, Alaska - Hydro Train, Seattle, Washington, shall be borne by Lessee.
- (b) If any part hereof is contrary to, prohibited by or deemed invalid under applicable laws or regulations of any jurisdiction, such provision shall be inapplicable and deemed omitted but shall not invalidate the remaining provisions hereof.
- (c) This Lease is irrevocable for the full term hereof and for the aggregate rental herein stated.

IN WITNESS WHEREOF the parties hereto intending to be legally bound
thereby have executed this Agreement as of the date first above
written.

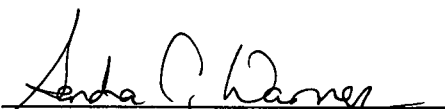
General Motors Corporation
Electro-Motive Division

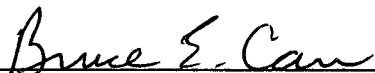
Attest: 

By: 

Title: ASSISTANT SECRETARY: 

Alaska Railroad Corporation

Attest: 

By: 

Title: Manager, Financial Services

State of Illinois)
County of Cook) ss.

On this 26th day of June, 1991,
before me personally appeared Keith McLaughlin,
to me personally known, who, being by me duly sworn, did say that he is
a representative of Electro-Motive Division, General Motors
Corporation, that the instrument was signed on behalf of such
corporation by authority of its Board of Directors, and he acknowledged
that the execution of the foregoing instrument was the free act and
deed of such corporation.

Juanita Acantilado
Notary Public

My commission expires:

April 17, 1992



State of Alaska)
~~County of~~ Midpeninsular District) ss.

On this 15th day of July, 1991,
before me personally appeared Bruce E. Carr, to me
personally known, who, being by me duly sworn, did say that he is a
representative of the Alaska Railroad Corporation, that the instrument
was signed on behalf of such corporation by authority of its Board of
Directors, and he acknowledged that the execution of the foregoing
instrument was the free act and deed of such corporation.

Julie A. Black
Notary Public

My commission expires:

November 28, 1991

SCHEDULE A

GP38-2 Model Diesel Electric Locomotive

Road Numbers

812
818
819
833

SCHEDULE B

CERTIFICATE OF INSPECTION AND ACCEPTANCE

To: General Motors Corporation
(Electro-Motive Division)
La Grange, Illinois

This is to certify that I, a duly appointed and authorized representative of the below named railroad, have inspected the following unit(s) of railroad equipment and this equipment meets all acceptance and performance standards.

<u>Type</u>	<u>Quantity</u>	<u>Railroads Road Nos.</u>
GP 38-2	1	812
"	1	818
"	1	819
"	1	833

and that such equipment, owned by General Motors Corporation and leased to Alaska Railroad Corporation is as described in Schedule A of the Lease Agreement, dated 26 June 1991. I hereby accept delivery of the said equipment.

Accepted at Anchorage, Alaska
this 13th day of July, 1991

Signed Bruce E. Can
Authorized Representative of
Alaska Railroad Corporation

SCHEDULE C

LEASE TERM AND OPTION TO RENEW

LEASE TERM:

Delivery to Alaska Railroad Corporation pursuant to Section 2 of the Lease Agreement shall be the date upon which each unit is accepted by the Lessee.

At the time of acceptance, the Lessee will execute a "Delivery and Acceptance Certificate", Schedule B. The locomotive lease period will be for six (6) months from the acceptance date of each Locomotive in Whittier, Alaska.

Lessor agrees to offer the locomotives as described in Schedule A of this Lease Agreement the option to renew for six (6) months at the Fair Market Rental Value (formal notice to be given to Lessee 90 days prior to the expiration of this Lease Agreement). If the Lessor and Lessee have not reached agreement to the Fair Market Rental Value of these locomotives 60 days prior to the Lease expiration date, this Option to Renew, and any additional Options to Renew shall expire.